

INSTRUCTIONS

PHARMACY PLUS DEMONSTRATION COST DATA

The state will complete the **shaded** areas of these forms with the requested historical data and assumptions to assist in the development of the budget estimates for this waiver amendment. The sheets are designed to develop trend analyses and determine budget estimates for with and without waiver costs. The forms should be completed in the order presented in the instructions below. Included in several places are comments that pop up to ask the state to clarify data that is being inserted.

Historic (Current Law Populations)

Column A, Lines 8, 18, and 28 – Define the current population affected by the demonstration. An example would be defined as “**Medicare Aged**”.

Column B-F, Lines 8, 18, and 28 – For each year enter the total expenditures for the population described above.

Column B-F, Lines 9, 19, and 29 – For each year enter the total number of member months for the population described above.

Without Waiver Projections

Column C, Lines 7, 12, and 18 – For each eligibility group enter the number of months that have expired from the end of the base year to the end of the first demonstration year. As an example, the base year begins January 1, 2000 and ends December 31, 2000 and the demonstration year begins July 1, 2001 and ends June 30, 2002. The months of aging would be 18 months. For the summary information at the bottom, adjust the formula to add up only those lines which have information listed in them.

With Waiver Projections

Columns D through H Lines 8, 13, and 18 – For each demonstration year enter the number of eligibles that will be diverted from full Medicaid coverage as a result of primary care coverage under the Pharmacy Plus Program.

Expansions

The state may use the same methodology for determining the expansion population that was used to determine with and without waiver projections (i.e., use of costs, trend rates, and aging to the end of the first demonstration year to determine the projected cost of the expansion population), or use its own methodology to determine the trend rate and projected cost for the expansion population for demonstration year (DY) 01. If the state uses its own methodology, Columns M and O need not be completed. But, trend rates must be provided in Column N.

Column L, Lines 7 and 12 - Define the expansion population that will be covered by the demonstration.

Column M – Enter the estimated eligible member months and per member per month costs of the expansion population based on historical data.

Column N – Enter the estimated trend rates for the member months and per member per month costs of the expansion population.

Column O - For each eligibility group enter the number of months that have expired from the end of the base year to the end of the first demonstration year. As an example, the base year begins January 1, 2000 and ends December 31, 2000 and the demonstration year begins July 1, 2001 and ends June 30, 2002. The months of aging would be 18 months.

Column P – This column allows the state two options. The first option is to utilize the formula generated demonstration years data that is calculated based on data entered by the state in Columns M, N, and O. The second option is to generate distinct demonstration year data for Column P (year –01) and enter it, overriding the formula in each entry. The remaining demonstration years will be calculated using the data supplied in Columns N and P.

SUMMARY SHEET

5 Year Historical Trends Summary for Mcaid			
	cost	elig	pmpm
MA age 65 and older in state history	6.23%		0.75% 5.44%
MA age 65 and older in wow			0.75% 7.22%
Pharmacy paid claims in history	13.74%		-6.04% 21.05%
Pharmacy paid claims with PDL		NA	NA

WITHOUT WAIVER/PDL BUDGET TOTAL	\$12,488,268,566.88
WITH WAIVER/PDL SP TOTAL	\$11,418,021,024.56
5 year Demo Population Costs	\$333,510,962.84
SAVINGS	\$736,736,579.48

DIVERSION NUMBERS						
	1	2	3	4	5	total or ave
Pop 1 WOW	1,205,383	1,214,423	1,223,532	1,232,708	1,241,953	6,117,999
Indiv diversion	24,108	24,288	36,706	36,981	37,259	159,342
Pop 1 mths W/W	1,181,275	1,190,135	1,186,826	1,195,727	1,204,695	5,958,657
Pop 1 W/W	98,440	99,178	98,902	99,644	100,391	496,555
% diversion	98%	98%	97%	97%	97%	97%
Pop 2 WOW	4,294,694	4,294,694	4,294,694	4,294,694	4,294,694	21,473,472
Indiv diversion*	0	0	0	0	0	0
Pop 2 mths PDL	4,294,694	4,294,694	4,294,694	4,294,694	4,294,694	21,473,472
Pop 2	357,891	357,891	357,891	357,891	357,891	1,789,456
% Diversion	100%	100%	100%	100%	100%	100%

* PDL benefit not a function of diversion.

TEMPLATE FOR PHARMACY PLUS DEMONSTRATION COST DATA
Historic (Current Law Pops)

	A	B	C	D	E	F	G
5	SPECIFY TIME PERIOD AND ELIGIBILITY GROUP SERVED:						
6		BY-4	BY-3	BY-2	BY-1	FY02	5-YEARS
7	TOTAL EXPENDITURES						
8	MA 65 & Older	\$ 1,058,757,168	\$ 1,040,388,380	\$ 1,127,782,310	\$ 1,256,646,750	\$ 1,348,441,534	\$ 5,832,016,143
9	ELIGIBLE MEMBER MONTHS	1,154,656	1,166,311	1,179,910	1,187,749	1,189,724	
10	COST PER ELIGIBLE	\$ 916.95	\$ 892.03	\$ 955.82	\$ 1,058.01	\$ 1,133.41	
11	TREND RATES						5-YEAR
12				ANNUAL CHANGE			AVERAGE
13	TOTAL EXPENDITURE		-1.73%	8.40%	11.43%	7.30%	6.23%
14	ELIGIBLE MEMBER MONTHS		1.01%	1.17%	0.66%	0.17%	0.75%
15	COST PER ELIGIBLE*		-2.72%	7.15%	10.69%	7.13%	7.22%
16							
17	TOTAL EXPENDITURES						
18	MA Pharmacy: Aid Categories <65 Years	\$166,822,543	\$132,637,122	\$150,876,455	\$222,604,936	\$279,235,337	\$952,176,393
19	ELIGIBLE MEMBER MONTHS	5,508,971	3,456,804	3,116,543	4,089,835	4,294,694	
20	COST PER ELIGIBLE	\$30.28	\$38.37	\$48.41	\$54.43	\$65.02	
21	TREND RATES						5-YEAR
22				ANNUAL CHANGE			AVERAGE
23	TOTAL EXPENDITURE		-20.49%	13.75%	47.54%	25.44%	13.74%
24	ELIGIBLE MEMBER MONTHS		-37.25%	-9.84%	31.23%	5.01%	-6.04%
25	COST PER ELIGIBLE*		26.71%	26.17%	12.43%	19.46%	19.42%
26							
27	TOTAL EXPENDITURES						
28	Pop. 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	ELIGIBLE MEMBER MONTHS	NA	NA	NA	NA	NA	
30	COST PER ELIGIBLE	NA	NA	NA	NA	NA	
31	TREND RATES						5-YEAR
32				ANNUAL CHANGE			AVERAGE
33	TOTAL EXPENDITURE		NA	NA	NA	NA	NA
34	ELIGIBLE MEMBER MONTHS		NA	NA	NA	NA	NA
35	COST PER ELIGIBLE		NA	NA	NA	NA	NA
36							
37	* Annual trend covered to sum of years digits methodology, thus placing greater weight on most recent years which are considered to be a better indicator of future a						
38							
39							
40							
41							
42	Total paid claims	\$1,065,945,719	\$1,052,577,719	\$1,143,338,872	\$1,289,703,435	\$ 1,351,684,163	
43	IBNR Factor	1.0000	1.0000	1.0000	1.0000	0.9855	
44	Total Paid Claims with IBNR	\$1,065,945,719	\$1,052,577,719	\$1,143,338,872	\$1,289,703,435	\$1,371,571,956	
45	MH & SA Rates >=65	\$14.89	\$14.89	\$14.89	\$17.03	\$17.03	
46	MH & SA Cost >=65	\$17,192,828	\$17,366,371	\$17,568,860	\$20,227,365	\$20,261,000	
47	Pharmacy Rebate Rate	22.40%	23.58%	21.49%	25.67%	24.02%	
48	Pharmacy Paid Claims	\$108,845,440	\$125,342,279	\$154,143,426	\$207,573,238	\$233,527,742	
49	Rebate amount	\$24,381,378	\$29,555,709	\$33,125,422	\$53,284,050	\$56,093,364	
50	PDL Value for 65+					\$12,701,942	

PHARMACY PLUS DEMONSTRATION COST DATA
WITHOUT WAIVER BUDGET

	A	B	C	D	E	F	G	H	I
1	DEMONSTRATION WITHOUT WAIVER (WOW) BUDGET PROJECTION								
2									
3	MANDATORY POPULATIONS								
4	ELIGIBILITY	TREND	MONTHS	DEMONSTRATION YEARS (DY)					TOTAL
5	GROUP	RATE	OF AGING	7/03-6/04	DY 02	DY 03	DY 04	DY 05	WOW
6	MA 65 & Older								
7	Eligible Member Months	0.75%	21	1,205,383	1,214,423	1,223,532	1,232,708	1,241,953	
8	Total Cost Per Eligible *	7.22%	21	\$1,369.16	\$1,467.96	\$1,573.90	\$1,687.48	\$1,809.25	
9	Total Expenditure			\$ 1,650,362,898	\$ 1,782,730,521	\$ 1,925,714,711	\$ 2,080,166,971	\$ 2,247,007,100	\$ 9,685,982,201
10									
11	MA Pharmacy: Aid Categories <65 Years								
12	Eligible Member Months	0.00%		4,294,694	4,294,694	4,294,694	4,294,694	4,294,694	
13	Total Cost Per Eligible	19.42%	21	\$88.70	\$105.92	\$126.48	\$151.04	\$180.37	
14	Total Expenditure			\$ 380,918,602	\$ 454,879,192	\$ 543,200,248	\$ 648,670,053	\$ 774,618,272	\$ 2,802,286,366
15									
16									
17	Pop. 3								
18	Eligible Member Months	NA		NA	NA	NA	NA	NA	
19	Total Cost Per Eligible	NA		NA	NA	NA	NA	NA	
20	Total Expenditure			NA	NA	NA	NA	NA	NA
21									
22	Total Plan Expenditure			\$ 2,031,281,500	\$ 2,237,609,713	\$ 2,468,914,959	\$ 2,728,837,024	\$ 3,021,625,371	\$ 12,488,268,567
23									
24	* Adjusted for Quality Assurance Assessment								

PHARMACY PLUS DEMONSTRATION PROJECT
WITH WAIVER BUDGET

	L	M	N	O	P	Q	R	S	T	U
2	DEMONSTRATION WITH WAIVER (W/W) BUDGET PROJECTION									
3										
4	EXPANSION POPULATIONS									
5					DEMONSTRATION YEARS (DY)					TOTAL
6	ELIGIBILITY GROUP	ANTICIPATED FIGURES	TREND RATE*	MONTHS OF AGING	DY 01	DY 02	DY 03	DY 04	DY 05	WW
7	Pop. 1									
8	Senior Drug Subsidy									
9	Eligible Member Months				504,000	495,094	432,153	378,715	331,889	
10	Total Cost per Eligible		NA	0	\$121.95	\$137.37	\$157.38	\$179.59	\$204.92	
11	Total Expenditure				\$61,463,808	\$68,011,789	\$68,011,789	\$68,011,789	\$68,011,789	\$333,510,963
12	Pop. 2									
13										
14	Eligible Member Months				-	-	-	-	-	
15	Total Cost per Eligible			0	-	-	-	-	-	
16	Total Expenditure	0			-	-	-	-	-	-
17	Total NEW Expenditure	0			\$61,463,808	\$68,011,789	\$68,011,789	\$68,011,789	\$68,011,789	\$333,510,963
18										
19	Average Eligibles				42,000	41,258	36,013	31,560	27,657	
20										
21	Rebate Percentage				20.00%					
22	Factor				80.00%					
23										
24	Rate of increase for over 65 pharm PMPM					12.64%	14.56%	14.11%	14.11%	
25										
26	* Trend rate based on trended average PMPM for Medicaid age 65 and older.									

Table 1

**PHARMACY PLUS WAIVER
FINANCE SUMMARY**

ATTRIBUTE	FY03	FY04	FY05	FY06	FY07	Total
Diversion						
WOW Over 65 Cost	\$1,650,362,898	\$1,782,730,521	\$1,925,714,711	\$2,080,166,971	\$2,247,007,100	\$9,685,982,201
WOW Over 65 months	1,205,383	1,214,423	1,223,532	1,232,708	1,241,953	
WOW Over 65 beneficiaries	100,449	101,202	101,961	102,726	103,496	
Diversion Factor	2%	2%	3%	3%	3%	
Diverted over 65 months	24,108	24,288	36,706	36,981	37,259	
Diverted over 65 beneficiaries	2,009	2,024	3,059	3,082	3,105	
WW Over 65 months	1,181,275	1,190,135	1,186,826	1,195,727	1,204,695	
WW Over 65 beneficiaries	98,440	99,178	98,902	99,644	100,391	
Diverted Cost	\$32,419,731	\$34,897,599	\$56,301,869	\$60,529,615	\$65,036,702	\$249,185,516
Savings from MPPL	\$35,226,475	\$64,333,511	\$101,981,265	\$150,202,906	\$211,475,013	\$563,219,169
Allowable Match Expenditures	\$67,646,205	\$99,231,110	\$158,283,134	\$210,732,521	\$276,511,715	\$812,404,685
Pharmacy Plus Consumers	42,000	41,258	36,013	31,560	27,657	
Pharmacy Plus Savings	\$61,463,808	\$68,011,789	\$68,011,789	\$68,011,789	\$68,011,789	\$333,510,963
Risk Cushion	\$6,182,397	\$31,219,321	\$90,271,345	\$142,720,732	\$208,499,926	\$478,893,722

Notes:

WOW = Without waiver

WW = With Waiver

MPPL = Michigan Pharmaceutical Products List

Over 65 refers to persons age 65 and older who are eligible for Medicaid

Diversion Component - Age 65 and Older

WOW Costs	\$1,650,362,898	\$1,782,730,521	\$1,925,714,711	\$2,080,166,971	\$2,247,007,100	\$9,685,982,201
WW Costs	\$1,588,566,799	\$1,709,982,338	\$1,820,427,113	\$1,957,124,207	\$2,102,853,370	\$9,178,953,828
Expansion	\$61,463,808	\$68,011,789	\$68,011,789	\$68,011,789	\$68,011,789	\$333,510,963
WW Total	\$1,650,030,607	\$1,777,994,127	\$1,888,438,902	\$2,025,135,996	\$2,170,865,159	\$9,512,464,791
Net Change	\$332,290	\$4,736,394	\$37,275,809	\$55,030,975	\$76,141,941	\$173,517,410
Total Pharmacy Without PDL	\$380,918,602	\$454,879,192	\$543,200,248	\$648,670,053	\$774,618,272	\$2,802,286,366
Combined Payment Limit	\$2,031,281,500	\$2,237,609,713	\$2,468,914,959	\$2,728,837,024	\$3,021,625,371	\$12,488,268,567